

## HOW FAR DOES HRM DIFFER FROM PM

*Habib Allah Doaei*

Ferdosi University of Mashhad

*Rahim Najminia*

Ferdosi University of Mashhad

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### Abstract

It is clear from the literature that HRM represents a shift in focus and strategy and is in tune with the needs of the modern organization. HRM concentrates on the planning, monitoring and control aspects of resources whereas Personnel Management was mainly about refereeing between the management and employees. Many scholars view Personnel Management as being workforce whereas HRM is resource. The differences between these two terms have to be viewed from many perspectives through the times and in context of the industry that is being studied.

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**Keywords:** Human resource management, Personnel management, SHRM

### Introduction

Many researchers have been arguing recently the difficulty of distinguishing clear differences between Personnel management and Human resource management. Some authors believe that the difference is just a change of label as Torrington (1989 cited in Koster 2007) said and there is no different in the content of Human resource management. On the other hand, there are researchers such as Guest (1987 cited in Arsmtrong, 1999) who argued that Human resource management is differentiated from traditional Personnel management. However, HRM is concerned with performing the same functional activities traditionally carried out by personnel function, but HRM approach performs these functions in a qualitatively distinct way when compared with personnel management (Storey, 1989).

In this article, the differences between Human resource management and Traditional personnel management are analysed with regard to using academic articles related to theoretical approach.

According to Storey (1989) Human resource management is a completely different philosophy and an approach contrast to Personnel management. In his view, HRM provides a completely new form of managing personnel and can therefore be regarded as departure from the orthodoxy (Storey, 1989 cited in Koster, 2007) of traditional personnel management.

### **Definitions of Human resource management and Personnel management**

According to Armstrong (1999,Page,4)”Human resource management is a strategic and coherent approach to the management of an organizations most valued assets-the people working there who individually and collectively contribute to the achievement of its goals”.Other researchers such as Storey (1995 cited in Armstrong,1999 p 4) defined HRM in a different way. He said “Human resource management is a distinctive approach to employment management which seeks to obtain competitive advantage through the strategic development of a highly committed and skilled work force, using on array of culture, structure and personnel technique.”

The Institute of Personnel Managementstates “Personnel Management is that part of management concerned with people at work and with their relationships within a firm. Its aim is to bring together and develop into an effective organisation the men and women who make up an enterprise and, having regard for the well-being of the individual and of working groups, to enable them to make their best contribution to its success” (Rea, 1972, p38).

When considering the definition of Human resource management and Personnel management, there are many differences on the perspectives of researchers.Legge(1989) reviewed the definition of a variety of writers. She could come to conclude that there isthree features which seems to distinguish HRM and personnel management(Guest,1990). These three differences will beanalysed below:

First of all,manystatements about personnel management had been written by researchers, when placed in the background of the texts from which they are derived, seem to see it as a management activity, which is largely aimed at non-managers(Storey, 1989). Apart from management development, Personnel management appears to be something performed on assistants by managers rather than something that the latter experience themselves-other than as a set of rules and measures that may constrain their freedom in managing their subordinates as they think fit(Storey and Legge, 1989). On the other side, Human resource

management is not just highlighting the importance of employee development; also it focuses on a particularly development of 'the management team'. As result, it can be concluded that Personnel management is an activity aimed mainly at non-managers while HRM is less clearly focused but is surely concerned more with managerial staff (Guest,1990 and Legge,1989).This shift of importance appears related to two other differences which it will be analysed below:

The second is that both Personnel management and HRM underline the role of line management but the focus is different (Guest, 1990, 1987). In the Personnel management models, line's role is very much an appearance of the observation that all managers manage people(Storey, 1989). It can be said that all managers in a sense carry out Personnel management.Furthermore, it carries the acknowledgment that most specialist personnel work still has to be implemented within line management's department where the labour force is physically located (Legge, 1978 cited in Storey,1989). In the HRM models, HRM is vested in line management as business managers are responsible for coordinating and directing all resources in the business unit to pursuit of bottom-line result(Legge and Storey 1987, and Guest, 1990). This creates that the bottom line appear to be specified more correctly than in the Personnel management models, also this model of HRM will affect on quality of product or service (Storey 1987b; Upton, 1987 cited in Storey, 1987). But despite of this,a clear relationship is drawn between the success of this result and the line's suitable and practical use of the human resource in the business unit (Legge and Storey,1987; and Guest,1990). On the other hand, Personnel policies are not reflexively incorporated with business strategy, in the sense of flowing from it, but they are an integral part of a strategy in the sense that they motivate and facilitate the recreation of a required strategy(Legge,1987).

The third difference is that most of HRM models stress the management of the organization's culture as the central activity for senior management(Storey, 1989 and Guest, 1987).This is a major element of soft HRM approaches in the involvement of senior managers in the creation of organizational culture and value (Koster, 2002).While the Organization Development models of the 1970s stated a similar message, these were not completely integrated with the run-of-the mill normative personnel models of the 1970s(Legge,1989).

Organizational Development was always seen as a position vaguely apart from ordinary Personnel management and indeed, was usually kept separate in a formal institutional sense, with separate Organizational development consultants, not always with a background in, or located within the personnel department(Pettigrew,1985 cited in Storey,

1989). Furthermore, according to the normative HRM models it is through an integrated and internally dependable set of HR policies in relation to recruitment, selection, training, development, rewarding and communications that the firm's core values can best be expressed (Legge, 1989). As a result, it can be said that integration is a particularly important issue, not only integration of HRM policies with strategy, but the internal integration and consistency of HRM policies themselves to perform a consistent strong culture (Storey, 1989). In contrast, the normative personnel management models do not present personnel policies as senior management's tool for reinforcing or changing organizational values in a manner consistent with preferred business strategy (Storey, 1989). Above all, it can be said that human resource management is highlighting the importance of senior management and management of culture. On the other hand, Personnel management has always been rather distrustful of organization development and related unitarist, social-psychologically oriented ideas (Guest, 1990).

According to Storey (Storey, 1989 p28) "These three differences emphasis all point to HRM, in theory, being essentially a more central strategic management task than personnel management in that it is experienced by managers, as the most valued company resource to be managed, it concerns them in the achievement of business goals and it expresses senior management's preferred organizational value." From this perspective Fowler (1987) said that the real difference between HRM and personnel management is not what is, but who is saying it.

While Legge found some of the key difference in the definitions of HRM and personnel management, Guest (1990, 1987) said that there is a need for greater precision if an operational analysis is to be provided. The first possibility is to use theories of control in organizations derived from the related sociological (Etzioni, 1961) and psychological (Mcgregor, 1960 cited in Guest, 1990) literature. Walton (1985) and Guest (1987) have mentioned the contrast. Walton (1985) differentiated control and commitment, nevertheless since both approaches are forms of control it is more suitable to tag them compliance and commitment. Personnel management is strongly connected with compliance base system of control whereas HRM is usually associated to commitment. Comparisons along the dimensions presented in figure 1 present normative view (Guest, 1990).

**FIGURE 1**  
**Alternative Assumptions and Beliefs Underlying Human Resource Management**

	<i>Compliance</i>	<i>Commitment</i>
<b>Psychological contract</b>	<b>Fair day's work for a fair day's pay</b>	<b>Reciprocal commitment</b>
<b>Locus of control</b>	<b>External</b>	<b>Internal</b>
<b>Employee relations</b>	<b>Pluralist Collective Low trust</b>	<b>Unitarist Individual High trust</b>
<b>Organising principles</b>	<b>Mechanistic Formal/defined roles Top-down Centralised</b>	<b>Organic Flexible roles Bottom-up Decentralised</b>
<b>Policy goals</b>	<b>Administrative efficiency Standard performance Cost minimisation</b>	<b>Adaptive work-force Improving performance Maximum utilisation</b>

*(This table came from Guest 1990, p 152).*

### **A Comparison of Personnel and HRM**

Based on the recent research and debates about HRM and Personnel management by (Bylton and Turnbull, 1992; Salamn, 1992, Storey, 1989, 1995, Towers, 1993) and more researchers such as Legge, Sission and Guest state that the conclusion of difference came to a total of 27 which are in below (Storey,1995). This table shows the difference individually in each part.

#### **27 Points of Difference between Personnel Management & HRD**

S. No.	Dimension	Personnel Management	Human Resource Development
<b>Beliefs &amp; Assumptions</b>			
1	Contract	Careful delineation of written contracts	Aim to go 'beyond contracts'
2	Rules	Importance of devising clear rules/mutuality	'Can-do' outlook; impatience with 'rule'
3	Guide to management Action	Procedures	'Business – need'

4	Behaviour Referent	Norms/custom & practice	Values/Mission
5	Managerial Task <i>vis-à-vis</i> Labour	Monitoring	Nurturing
6	Nature of Relations	Pluralist	Unitarist
7	Conflict	Institutionalized	De-emphasized
<b>STRATEGIC ASPECTS</b>			
8.	Key Relations	Labour Management	Customer
9.	Initiatives	Piecemeal	Integrated
10.	Corporate Plan	Marginal to	Central to
11.	Speed of Decision	Slow	Fast
<b>LINE MANAGEMENT</b>			
12.	Management Role	Transactional	Transformational leadership
13.	Key Managers	Personnel/IR Specialists	General/business/line managers
14.	Communication	Indirect	Direct
15.	Standardisation	High (e.g. 'parity' an issue)	Low (e.g. 'parity' not seen as relevant)
16.	Prized management skills	Negotiation	Facilitation
<b>KEY LEVERS</b>			
17.	Selection	Separate, marginal task	Integrated, key task
18.	Pay	Job Evaluation (fixed grades)	Performance – related
19.	Conditions	Separately negotiated	Harmonization
20.	Labour Management	Collective bargaining contracts	Towards individual contracts
21.	Thrust of relations	Regularized through	Marginalized (with

		facilities & training	exception of some bargaining for change models)
22.	Job categories & grades	Many	Few
23.	Communication	Restricted flow	Increased flow
24.	Job Design	Division of Labour	Teamwork
25.	Conflict Handling	Reach temporary truces	Manage climate & culture
26.	Training & Development	Controlled access to courses	Learning companies
27.	Foci of attention of interventions	Personnel procedures	Wide ranging cultural, structural & personnel strategies

(From Bratton and Gold,2007, p27).

### **Comparative Models of Personnel management and HRM**

As part of these debates, several researchers attempt to describe in which ways HRM differed from Personnel management: Guest's (1987) comparison between stereotypes of personnel management and Human resource management; and storey's 27 points of difference (Table above) and Beer and Spector's (1985) identify a number of common themes as it is described more in the following table (Beardwell and Claydon, 2004).

The comparative models below show that HRM is as proactive, nurturing and organic instinctively seem more positive and attractive than terms applied to personnel managementsuchas, reactive, monitoring and bureaucratic (Beardwell and Claydon, 2004). In addition, there are many evidences in the table from different perspectives that the difference between HR and PM is enormous. Most of the differences are related to soft (the involvement of senior managers in the certain of organizational culture and value) and hard approach (focus on organizational need and profit at line bottom), strategy integration (integration HRM strategy with business strategy) and long-term investment on people (physiological contract, training and educating employee). The table below will explained each perspective in different parts. This table is from Beer and Spector's (1985),p 13.

	personnel management	HRM
<b>Planning perspective</b>		
Beer and Spector,1985	Reactive Place meal intervention in response to specific problem	Proactive System-wide interventions with emphasis on fit
Guest,1987	Short-term, Reactive, and Hoc, Marginal	Long-term, Proactive, Strategic
Storey,1992	Place meal initiatives Marginal to corporate plan	Integrated integrated initiatives central to corporate plan
<b>People management Perspective</b>		
Beer and Spector,1985	people as variable cost	people are social capital capable of development
Guest,1987	Cost minimisation Compliance	Maximum utilisation Commitment
Storey,1992	Monitoring Mutuality	Nurturing can-do outlook
<b>Employment relation perspective</b>		
Beer and Spector,1985	self-interest dominates:conflict of interest between stakeholders seeks power advantages for bargaining and confrontation	coincidence of interests between stakeholders can be developed seeks power equalisation for trust and collaboration
Guest,1987	Pluralist, collective, low trust	unitarist,individual,high trust
Storey,1992	Pluralist, institutionalisedconflict	unitarist, conflict de-emphasised

Collective bargaining contracts      towards individual contracts

Structure/system perspective

Beer and Spector,1985	control from top  control of information flow to enhance efficiency,power	Participation and informed choice  open channels of communication to build trust and commitment Organic,devolved ,flexible roles
Guest,1987	bureaucratic/mechanistic Centralised,formal define roles, external control	self-control businessneed,
Storey,1992	procedure ,high standardisation  restrictedflow of communication	lowstandardisation increase flow of communication

Role perspective

Beer and Spector,1985	.....	.....
Guest,1987	Specialist/professional	largely integrated into line management
Storey,1992	personnel/IR specialist	general/business/line manager

## Conclusion

To conclude, personnel management focus on operational level. As result, emphasizing technical skills and day to day as recruitment and selection, training, salary administration and employee relations, while, HRM was portrayed as being proactive-looking at people in economic terms as either assets or cost to be actively managed. HRM was seen to be strategic, tying people management to business objectives. It was an attempt to manage people in the long-term interests of the business (Price, 2004). HRM is an integrated approach that provided a logical programme to link all aspect of people management.

HRM focus on people management as a consistent view in which people treated as Valuable asset. A firm's reward systems, performance measures, promotion and learning opportunities were used to maximize the utilization of its resources.

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